

**District of Columbia Retirement Board**

**900 7<sup>th</sup> Street, N.W.  
Suite 200  
Washington, D.C. 20001**

**Request for Proposal**

**Real Assets Investment Consulting Services**

**Solicitation DCRB-2011-001**

<b>Issue Date:</b>	<b>January 10, 2011</b>
<b>Letter of Interest Due Date:</b>	<b>January 21, 2011 at 5:00 p.m. EST</b>
<b>Question Cut-Off Date:</b>	<b>January 28, 2011 at 5:00 p.m. EST</b>
<b>Proposal Due Date:</b>	<b>February 25, 2011 at 5:00 p.m. EST</b>

Prospective offerors who have received this solicitation from a source other than the issuing office of the District of Columbia Retirement Board should immediately contact the procurement officer and provide contact name and mailing address in order that any amendments or other communication related to the solicitation may be forwarded in a timely fashion. Any prospective offeror who fails to notify the procurement officer with this information assumes complete responsibility in the event that it does not receive communication about this solicitation before or after the due date.

**District of Columbia Retirement Board  
Request for Proposal  
Real Assets Investment Consulting Services**

**Table of Contents**

<b>Sec.</b>		
1.0	Introduction.....	Page 3
2.0	Background and General Information.....	Page 3
3.0	Scope of Work.....	Page 4
4.0	Term of Agreement.....	Page 8
5.0	Proposal Specifications.....	Page 8
6.0	Selection Process.....	Page 10
7.0	Tentative Timetable.....	Page 10
8.0	Minimum Criteria.....	Page 10

**ATTACHMENTS**

- A. Representations and Warranties
- B. Proposal Questionnaire
- C. Fee Schedule
- D. Fiduciary Definition
- E. Bonding Requirement
- F. List of Fiduciaries and Service Providers
- G. List of Current Real Assets Managers

## **1.0 Introduction**

The District of Columbia Retirement Board (the “Board”) was established by the U.S. Congress on November 17, 1979, pursuant to the District of Columbia Retirement Reform Act (93 Stat. 866, P.L. 96-122), codified at D.C. Code § 1-701 et seq. (2001 Ed.), (the “Reform Act”). The Reform Act established the Board as an independent agency of the District of Columbia government (“District”) with exclusive authority to manage and control the assets of the District of Columbia Police Officers and Firefighters’ Retirement Fund, and the District of Columbia Teachers’ Retirement Fund (collectively, the “Funds”). Provisions of the Reform Act are very similar, and in some instances, identical to the Employee Retirement Income Security Act (“ERISA”).

Under the Reform Act, the Board has authority to promulgate rules and regulations, adopt resolutions, issue directives for the administration and transaction of its business, and perform such functions as may be necessary to carry out its responsibilities under the Reform Act.<sup>1</sup> The Board is also granted specific authority to enter into contracts with public or private sector entities to the extent necessary to carry out its responsibilities.<sup>2</sup> Moreover, the Board is authorized to propose its own rules which govern the procurement of goods and services pursuant to its authority to contract.<sup>3</sup>

The purpose of this solicitation is to obtain the services of an experienced investment consulting firm (“Consultant”) with the skills, expertise and resources to assist and advise the Board in making prudent investment management decisions regarding the Funds’ real assets portfolio, to assist and advise its Staff in the implementation of such decisions, as well as the evaluation of current and proposed real assets investment strategies and managers, and to provide ongoing Trustee and Staff education.

## **2.0 Background and General Information**

The Board’s primary mission is to prudently invest the assets of the Funds and to provide those employees with total retirement services. To assist the Board in managing the assets of the Funds, the Reform Act authorizes the Board to engage the services of competent investment managers, registered under the Investment Advisers Act of 1940<sup>4</sup> or exempt from registration. Additionally to engaging the services of investment managers, each of whom manages a designated portion of the Funds’ assets, the Board also engages a general investment consultant to help formulate and refine realistic investment policies. Meketa Investment Group is the Board’s current general investment consultant. The Board also currently engages The Townsend Group as a specialist consultant for real assets and Pantheon as a specialist consultant for private equity. Additionally, State Street Bank and Trust Company is the Funds’ custodian and is responsible for providing record-keeping, performance calculations, and asset valuations. Clifton Gunderson, LLC, certified public accountants, is retained for the purposes of the Board’s annual comprehensive audit. Cavanaugh MacDonald Consulting, LLC, is engaged as the Board’s enrolled actuary to certify the annual District contribution amount and the cost of any change in benefits. Additionally, the Board retains outside counsels to assist with a variety of fiduciary and investment-related matters.

---

<sup>1</sup> D.C. Code § 1-711(e).

<sup>2</sup> D.C. Code § 1-711(i)(1).

<sup>3</sup> D.C. Code § 1-711(i)(2).

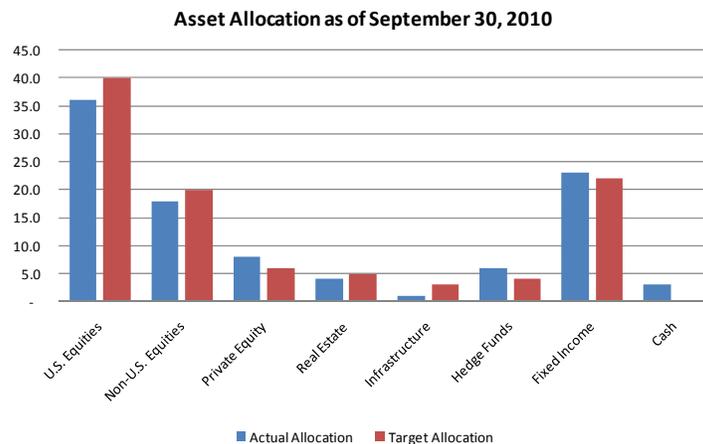
<sup>4</sup> D.C. Code § 1-711(g).

The Board is composed of twelve (12) voting members and one non-voting member. Six (6) members are elected by the active and retired Fund participants (Police Officers, Firefighters and Teachers) of the retirement system; three (3) members are appointed by the Mayor; three (3) members are appointed by the Council of the District of Columbia; and non-voting ex-officio City Treasurer.

Since inception, the Board has operated under a committee system which provides a two-tiered process for review and analysis of all issues that come before it. The Investment Committee, which is comprised of the full Board (12 members), has jurisdiction over all investment matters, including the selection of the general and specialist investment consultants. This solicitation has been authorized by the Investment Committee and is designed to elicit information necessary to assess prospective real assets investment consulting firms' experience and resources, reasonableness of fees, capacity to perform required services, and other relevant criteria.

*On September 16, 2010, during a regularly scheduled meeting of the Board, the Board unanimously approved the recommendation of the Investment Committee to commence a search for a real assets investment consulting firm. Townsend Group, the incumbent specialist consultant, will continue to perform its fiduciary duties to the Funds throughout the search and selection process and is expected to respond to the RFP. In addition, Meketa Investment Group, the Funds' generalist investment manager, is also expected to respond to the RFP.*

As of September 30, 2010, the Funds had a market value of more than \$4.2 billion. The current strategic asset allocation targets, adopted by the Board in 2003, are as follows: 40% U.S. equities; 20% non-U.S. equities; 25% fixed income (including infrastructure); 10% private equity (including hedge funds); and 5% real estate. The entirety of the portfolio is managed by external investment management firms.



As of September 30, 2010, the Board had approximately \$164 million invested in a separate account private real estate investment program, \$59 million in a separate account private infrastructure investment program, and \$25 million in public real estate securities. Additionally, the Board had approximately \$88 million in unfunded commitments to real estate and infrastructure funds. Please see Attachment G for a list of the Board's current real estate and infrastructure investment advisers.

### 3.0 Scope of Work

The Board seeks a Consultant with substantial public fund experience to provide comprehensive investment consulting services for the Board's real assets portfolio. The Consultant selected will work closely with Staff, and will report regularly to the Board's Investment Committee.

The Board expects any Consultant retained under this RFP to provide the following services, at a minimum:

#### A. Strategic Real Assets Consulting

1. Provide recurring recommendations concerning long-term investment policy, objectives and strategy for the real assets portfolio.
2. Prepare special analyses and/or research as requested by Staff to better define goals and objectives, monitor portfolio risk and model program cash flows/commitment pacing.
3. Conduct and prepare comprehensive written research, analysis and advice on specific investment issues, or conduct special projects or other activities, as requested.
4. Appear as requested at Board meetings and/or Investment Committee meetings or other meetings to (i) present research, analyses, written reports and recommendations or (ii) respond to questions relating to the real asset portfolio or the market environment.
5. Participate in meetings with Staff to provide advice and counsel on matters related to the real assets portfolio, as needed.
6. Coordinate and communicate with the Investment Committee, Staff, investment advisers, and other investment consultants in the portfolio on an ongoing basis.
7. Provide other consulting services consistent with or required in connection with the real asset portfolio and its goals, strategies and objectives.

#### B. Deal Sourcing and Due Diligence

It is expected that real assets investment managers will be sourced by both the Consultant and Staff. Sourcing and due diligence will include the following actions, at a minimum:

1. Develop a proactive, structured search process to analyze the full universe of available investments, and efficiently identify those most appropriate for investment. This process must include detailed analysis of prospective investments identified by Staff.
2. Conduct due diligence on those prospective investments that the Investment Committee selects for consideration, which must include whether the prospective investments will comply with Federal and state law requirements governing pension funds.
3. Present written recommendations to the Investment Committee and Staff, which will include: i) the results of Consultant's due diligence, ii) strategic considerations, iii) a description of how the investment would fit within the Board's real assets portfolio and iv) a detailed review of legal and economic terms.
4. Work with Staff and legal counsel in the negotiation of contract terms and conditions.

#### C. Monitoring of the Real Assets Portfolio

In monitoring the portfolio, the Consultant must:

1. Take responsibility for the timely review and analysis of key events that may affect the real assets portfolio. Key events could include market changes, changes in management

- or substantial changes in portfolio value.
2. Assist in actions taken to protect the interests of the Board as an investor and interact, where necessary, with portfolio investment advisers and funds to ensure compliance by each with contract terms.
  3. Assist in attending partnership annual meetings, and, where appropriate, serve on advisory boards and report back to the Board and Staff.
  4. Review and recommend courses of action for all fund document amendments.

D. Performance Measurement and Reporting

The Consultant will provide the following performance measurement services:

1. Obtain real asset investment data from the Board's investment managers on a monthly and/or quarterly basis.
2. Evaluate the accuracy of this information and reconcile the quarterly reporting with the custodian bank's reports and records for accuracy.
3. Calculate returns in US dollar terms, converting local currencies to US dollars as necessary, which will be reconciled with the performance calculations and currency conversions which may be reported by the partners and managers. Time-weighted and dollar-weighted returns will be reported at the partnership investment, asset class (e.g., real estate, infrastructure) and total real assets portfolio levels.
4. Each performance measurement report will also reflect portfolio and investment level diversification analysis by risk profile, property type and geography, as well as other risk mitigation factors, as defined by the Board.

In addition, the Consultant will provide the following performance reporting services:

1. A customized quarterly performance report, which will include, at a minimum:
  - a. Global real assets market update information
  - b. Organizational and portfolio updates on each investment fund
  - c. Date of commitment to each investment fund
  - d. Board commitment and total commitments to each investment fund
  - e. Drawdown amounts by investment fund
  - f. Outstanding commitments by investment fund
  - g. Distribution amounts by investment fund
  - h. Investment fund NAVs
  - i. Net investment multiples by investment fund
  - j. Net IRR of each investment fund
  - k. Appropriate benchmark performance data
  - l. Items c – k aggregated by asset class (real estate, infrastructure) and for the total real assets portfolio.
  - m. Allocation breakdown by vintage year, strategy, property type, and geography

E. Other

Additionally, the Consultant will:

1. Provide educational workshops to the Board and Staff on specific issues designated by the Board and/or recommended by the Consultant.
2. Provide comments and analysis on proposed federal and state legislation affecting the real assets portfolio.

3. Support Staff, the Board and/or the Investment Committee through written and/or oral presentations with government agencies, legislative committees, auditors etc.
4. Meet with Staff quarterly to review the real assets portfolio, update Staff regarding the current market and new issues and advise regarding improvements to the real assets portfolio.

#### **4.0 Term of Agreement**

The term of the original Agreement shall be for a three year period.

#### **5.0 Proposal Specifications**

##### **5.1 General**

To facilitate the evaluation of proposals, the Board asks offerors to follow the instructions outlined in this section. Failure to respond to the instructions may disqualify the proposal and eliminate the offeror from consideration.

All submitted proposals become the property of the Board and may be subject to public disclosure under the Freedom of Information Act. Offerors must expressly identify information contained in the proposal they consider proprietary and confidential.

##### **5.2 Letter of Interest / Representation & Warranties Submission**

Firms interested in submitting a response to this RFP should send signed originals of the following documents:

- Signed letter of interest (including contact name, title, phone and email for follow-up correspondence)
- Signed “Representation and Warranties” (see Attachment A)
- Documentation requested in response to Minimum Criteria (Section 8.0)

These documents should be sent to the following address:

D.C. Retirement Board  
Attn: Yolanda Smith  
900 7<sup>th</sup> Street, N.W., Suite 200  
Washington, D.C. 20001

Responses must be received by 5:00 p.m. EST on Friday, January 21, 2011.

Firms that do not submit the above documents by the stated deadline will be excluded from further consideration.

##### **5.3 Inquiries**

Questions concerning the RFP must be received in writing no later than 5:00 p.m. on January 28, 2011. Questions should be emailed to [realassets.rfp@dc.gov](mailto:realassets.rfp@dc.gov). Inquiries

will be responded to in writing, and copies of the inquiries and responses will be posted on the DCRB's website at [www.dcrb.dc.gov](http://www.dcrb.dc.gov) for review and retrieval.

#### **5.4 Proposal Submission**

The completed proposal, which is to include all attachments, must be received no later than 5:00 p.m. on February 25, 2011. Any proposal received after the submission deadline will not be considered. Faxed or emailed transmissions are not acceptable. The original and eight copies of the Proposal (one copy must be unbound and ready to photocopy) are to be sent to the attention of:

D.C. Retirement Board  
Attn: Yolanda Smith  
900 7<sup>th</sup> Street, N.W., Suite 200  
Washington, D.C. 20001

In addition to the hardcopies, offerors should send a USB thumb-drive containing an electronic version of the complete response.

##### *Proposal Format*

1. **Cover Letter:** The proposal must include a cover letter signed by an individual legally authorized to bind the offeror to both its proposal and fee schedule. The cover letter should contain the name, title, address, email address, and phone number of the person(s) who are authorized to represent the firm and to whom the Board should direct follow-up correspondence.
2. **Response to Questionnaire:** The proposal must include a complete set of responses to the questions in the Proposal Questionnaire (Attachment B). The questions and/or requests made in the attached Proposal Questionnaire should be duplicated in their entirety in the Proposal with each question and/or request repeated before the answer or response. The response to each question should be as succinct as possible, while containing all information necessary to evaluate the offeror's qualifications.
3. **Proposed Fee Schedule:** The proposal must include a completed and signed fee schedule (Attachment C)
4. **Form ADV:** Please provide a copy of your firm's most current Form ADV, Parts I and II.

#### **5.5 Public Record**

All responses received (including fees) are deemed to be "public records" pursuant to the D.C. Freedom of Information Act (D.C. Code 2-531 et seq).

#### **5.6 Incurring Costs**

Each firm is responsible for the costs associated with the submission of its response and all other related expenses, including any travel costs.

## **5.7 Withdrawal/Lock-Out**

A firm may withdraw a response in writing, once submitted, provided that such withdrawal occurs prior to the proposal submission deadline.

Upon issuance of the RFP, all recipients of the RFP must refrain from intentional, unauthorized contact with any Trustee or Staff of the Board during the search and selection period to avoid the appearance of a conflict in the decision-making process. Authorized contact includes communication for (a) ordinary and necessary business purposes and (b) matters of public record other than unintended, incidental occurrences.

The Board reserves the right to award this engagement based upon evaluation of the written responses received and without further discussions or negotiations. The Board reserves the right to terminate the process at any time without any selection or notification.

## **6.0 Selection Process**

All terms and conditions are subject to negotiation, amendment, or rescission by the Board at any time prior to the execution of the Agreement if the Board deems it in the best interest of the Funds to do so. The Board reserves the right to request supplemental information from potential firms during the term of this RFP process.

### **6.1 Investment Committee**

The Investment Staff will select a list of finalists to be interviewed. The Investment Committee will interview the finalists. Interviews will take place at the Board's office. The Investment Committee will make a final recommendation to the Board for its approval.

### **6.2 Selection Criteria**

The Board seeks to retain the highest quality organization to provide consulting services in an open, fair, and competitive process. Through the selection process, the Board reserves the sole discretion in awarding the contract.

### **6.3 Evaluation Criteria**

The Staff will determine the most qualified applicants based on the following criteria:

1. Understanding scope of services (20% weight)
2. Firm experience and resources (20%)
3. Consulting professional experience and qualifications (20%)
4. Potential for conflicts of interest (20%)
5. Fee proposal (20%)

## 7.0 Tentative Timetable

The following is the tentative time schedule for the Board's search for a firm to provide real assets general consulting services. All dates are subject to modification with notice.

Monday, January 10, 2011	Issuance of RFP
Friday, January 21, 2011	Deadline for submission of letters of interest
Friday, January 28, 2011	Deadline for submission of questions
Friday, February 25, 2011	Deadline for submission of proposals
March / April 2011	Selection of Finalists / On-Site Visits
Thursday, May 19, 2011	Oral presentations before Investment Committee and Consultant selection
July 1, 2011	Expected contract commencement date

## 8.0 Minimum Criteria

A firm must meet all of the following minimum criteria to be given further consideration in the Board's search for a Real Assets Investment Consultant. Failure of a firm to meet the minimum criteria will result in the Proposal's immediate rejection.

- 8.1 The firm must be a registered investment advisor under the Investment Advisers Act of 1940. Please attach as an appendix to your letter of interest your firm's current Form ADV Part I and II.
- 8.2 The firm and its proposed members have all authorizations, permits, licenses and certifications required by federal and state laws and regulations to perform the services specified in this RFP at the time Respondent submits a response to the RFP.
- 8.3 The firm agrees to serve as a "fiduciary" to the Board, as the term is defined by the Employee Retirement Income Security Act of 1974 (ERISA) and the D.C. Retirement Reform Act (Pub. L. 96-122) D.C. Code Sections 1-702(20) and 1-741(a)(1). These sections are included as Attachment D.
- 8.4 The firm has (i) reviewed the representations and warranties, outlined in Attachment A, and (ii) agrees that, if retained to provide consulting services, such representations and certifications will be incorporated into the investment consulting contract. Limited drafting changes may be negotiated during any contract negotiation.
- 8.5 The firm has provided for at least five (5) years, real assets investment consulting services to at least three U.S. public pension funds, each of which has at least \$5 billion in current total assets.
- 8.6 The firm will designate a senior consultant with a minimum of ten (10) years experience in real assets investment consulting to work on the Board's account. The designated senior consultant ("Primary Consultant") will be expected to quickly and thoroughly become knowledgeable and up-to-date with the Board's real assets portfolio, to provide clear and cogent portfolio reports, and to attend specified meetings. The designated Primary Consultant may not be changed by the Offeror during the life of the contract without the express written approval of the Board.

- 8.7** The firm is not involved in pending litigation or under a censure or restraining order by a court of proper jurisdiction or in bankruptcy, conservatorship, or receivership.
- 8.8** The firm will disclose any legal and/or regulatory inquiries and/or sanctions against the firm or any individuals employed by the firm.
- 8.9** The firm will carry adequate fiduciary liability insurance, errors & omissions insurance, and fidelity bond insurance.
- 8.10** The firm agrees to disclose all conflicts of interest, all sources of revenue and all affiliations.

[Remainder of page left intentionally blank]

**District of Columbia Retirement Board  
Request for Proposal  
Real Assets Investment Consulting Services  
Representations and Warranties**

All firms are required to submit an executed Representations and Warranties statement as an attachment to the Letter of Interest (see section 5.2 for more details).

A. The firm warrants that it meets, or will meet before the award of the Agreement, the bonding requirement provided by D.C. Retirement Reform Act (Pub. L. 96-122) D.C. Code Section 1-745 or that it carries at least an equivalent fidelity bond that will be applicable to the firm's actions under that Agreement (unless exempt, explanation of exemption is attached). Section 1-745 is included as Attachment E.

B. The firm warrants that it maintains an errors and omissions insurance policy providing an adequate amount of coverage for negligent acts or omissions and that such coverage will be applicable to the firm's actions, responsibilities and obligations under the Agreement.

C. The firm warrants that it shall discharge its duties with respect to the Funds in accordance with the requirements of the Reform Act, with care, skill, prudence and diligence, and in compliance with any other applicable laws. Further, with respect to the foregoing, the Board will rely on the expertise and experience of the firm in all matters related to the Funds as to which services are to be provided by the firm.

D. The firm warrants that it has completed, obtained, and performed all registrations, filings, approvals, authorizations, consents or examinations required by any government, governmental authority, or other regulatory authority with respect to all actions, responsibilities, and obligations contemplated by the Agreement.

E. The firm warrants that it meets all of the minimum criteria applicable to the firm under this RFP.

F. The firm warrants that the person submitting this Proposal and executing these Representations and Warranties is duly authorized by the firm to submit this Proposal and execute these Representations and Warranties.

\_\_\_\_\_  
Name of Firm

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name and Title

**District of Columbia Retirement Board  
Request for Proposal  
Real Assets Investment Consulting Services  
Proposal Questionnaire**

**A. Organizational Background**

1. Please provide the following information regarding your firm:
  - i. Firm Name
  - ii. Contact's Name and Title
  - iii. Contact's Mailing Address
  - iv. Contact's E-mail Address
  - v. Contact's Phone and Fax Numbers
  - vi. Firm's Website Address (if any)
2. Please provide a brief history of the firm, including its year of organization and the ownership structure of the firm, including any parent, affiliated companies or joint ventures.
3. List all owners of the firm, including applicable ownership percentages, and include short biographical descriptions of the owners.
4. Describe any ownership changes that have occurred within the last five (5) years, as well as any anticipated changes in ownership, organizational structure, or professional staffing.
5. Please provide the following information related to your firm:
  - a. Number of years providing real assets investment consulting services
  - b. Number of years providing real assets investment consulting services to public pension funds
  - c. Percentage of firm's revenue from providing real assets investment consulting services
6. Please provide the following information related to your firm's current clients:
  - a. Total number of clients, including total assets of all clients
  - b. Number of public pension fund clients, including the size (in assets under advisement) of each public pension fund client
  - c. Percentage breakdown of clients by category (e.g., public pension funds, endowments & foundations, private clients, etc.)
  - d. Distribution of clients by asset size within the following ranges: (1) less than \$1 billion, (2) \$1-5 billion, (3) \$5-20 billion, and (4) greater than \$20 billion.
  - e. Distribution of clients by geographic region: 1) U.S. Northeast, 2) U.S. Mid-Atlantic, U.S. Southeast, 3) U.S. Midwest; 5) U.S. West Coast; 6) Non-U.S.

7. Please provide details on the number, name and asset values of any terminated real assets consulting relationships since January 1, 2008, including reasons for the termination. Please provide the name and position of the applicable contact person and telephone number for each such client.
8. Please provide details on the number, name and asset values of any real assets consulting relationships gained since January 1, 2008, including names and positions of contact persons and applicable telephone numbers.

**B. Professional Staff**

9. Provide an organizational chart showing functions, positions and names of all professionals within your firm. Include the total number of professional employees and total support staff.
10. Provide a list with all dedicated real assets research professionals, including each professional's name, title, age, educational background, professional background, number of years experience in the industry, and number of years tenure with the firm.
11. Please provide the names of all professionals who will be assigned the Board's account, including designated primary and secondary consultants, as well as detailed biographical data on all such individuals. At a minimum, include the following information for each:
  - a. number of years experience in real assets investment consulting and with your firm,
  - b. names of currently assigned accounts, including total assets of each client, and
  - c. primary office location.
12. For each of the accounts identified in 11.b above, please provide name, address, contact name, telephone number, email, and asset size, for use by the Board as references.
13. Please explain how the team dedicated to the Board's account would function, and the procedures for addressing the Board's account when the primary and secondary consultant(s) are traveling or otherwise unavailable.
14. Please indicate the turnover in professional staff (senior management, consultants and personnel dedicated to real assets consulting services) since January 1, 2008, including the name and position of each departing employee as well as the date and reason for the departure.
15. Within your firm, what is the average number of clients per consultant (excluding consultants primarily focused on manager or asset class research)?
16. Please provide a brief description of your firm's compensation arrangements for professional staff, including any incentive bonuses and how such bonuses are awarded.
17. Please discuss your firm's plans for future growth in the real assets investment consulting area.

### **C. Services and Capabilities**

18. Describe the range of consulting and other financial services that your firm offers.
19. List your firm's lines of business and the appropriate contribution of each business to your firm's total revenue and profits. If the firm is an affiliate or subsidiary of an organization, what percentage of the parent firm's total revenue and profits does the subsidiary or affiliate generate? What percentage of the parent firm's revenues and profits is a result of consulting services? What other services or products are offered by the parent firm?
20. Describe the internal structure, organization, and capabilities of your firm's real assets investment research department (if no separate department exists, describe how this function is performed).
21. Are there common beliefs about the investment markets that underpin the firm's investment advice across its clients? If yes, please describe them.
22. Describe your firm's process for determining the appropriate strategy for a portfolio's real assets allocation. Has this process changed in light of the recent market turmoil? Describe your process for recommending modifications to the real assets portfolio structure as warranted by changes in the market environment or benefit obligations/assumptions.
23. Describe how benchmarks are chosen or developed and how performance is compared to similar portfolios.
24. Does your firm maintain internally or otherwise have access to a database for manager performance comparison purposes? If so, please describe such database in detail, including (1) the composition of the database (especially in terms of its representation of the real assets sub-classes, such as real estate, energy, timber, agriculture, infrastructure), (2) how the database is maintained and updated, and (3) how the database can be used to compare and rank the Funds in terms of risk, returns, asset allocation, and portfolio structure?
25. Describe in detail the experience and expertise of your firm, and the primary consultant in particular, in international real assets investments, including emerging markets.
26. Describe your firm's process for the evaluation and recommendation of real assets investment managers for a client, including a sample due diligence report. Include how the firm evaluates a manager's performance, personnel and organization, investment philosophy, investment style(s) and products, research and/or modeling capabilities, financial condition, client service, and fees.
27. How many real assets-related manager searches has your firm conducted in the last five (5) years?
28. Describe the experience and capabilities of your firm, and the primary consultant in particular, in analyzing and monitoring real assets investment managers.

29. How is your firm able to identify investment managers who can produce alpha better than other investment consulting firms? What are your firm's competitive advantages regarding manager selection and termination recommendations?
30. Describe your firm's experience in helping clients gain access to access-constrained funds.
31. Describe your firm's criteria for recommending a manager be placed on probation (or watch), removed from probation, or replaced. What is the appropriate time period for evaluating an active manager's performance?
32. Describe your firm's real assets investment performance measurement and reporting process, including any data verification and reconciliation completed by your firm as part of the data collection process. Describe the team that is responsible for managing this process and their experience in providing performance measurement and reporting for real assets investment portfolios.
33. What is included in the standard reporting package to your clients? If possible, please provide a sample performance report.
34. What benchmarks does your firm use for marketable and non-marketable real assets investments? For manager universe benchmarks, please provide information on the robustness of the universe (such as number of managers per vintage year and asset class).
35. What do you consider is the most significant recommendation your firm has made to a large sophisticated client? Specifically, what value was added and how does this recommendation demonstrate any unique insight or value that your firm would bring to the Board's relationship?
36. Please identify the most challenging or difficult problem that your firm has encountered regarding a public pension fund issue and explain how the firm's recommendations were either successful in resolving the problem or not? Do you believe that the recommendations demonstrated the firm's ability to succeed where others may not have been as successful? If so, why?
37. Explain the firm's views on the use of active versus passive investment strategies within the real assets investment space.
38. Explain the firm's views on risk management for a public pension fund. What are the key risks, and how should a pension fund manage those risks?
39. Please describe your firm's experience and capability in providing education and training to pension fund trustees and Staff.

#### **D. Legal Issues and Potential Conflicts**

40. Is the firm, its parent or affiliate, a registered investment advisor with the SEC under the Investment Advisers Act of 1940? If yes, please provide the firm's SEC File Number, and a

copy of the most recent SEC examination report.

41. Will your firm contractually agree to be a “fiduciary” to the Funds, as the term is defined by the Employee Retirement Income Security Act of 1974 (ERISA) and the D.C. Retirement Reform Act (Pub. L. 96-122) and to perform the fiduciary duties imposed on a fiduciary under ERISA and the Reform Act?
42. Please provide a copy of the firm’s most recently filed Form ADV, Parts I and II, with all Schedules.
43. Has the firm, the primary or secondary consultants, or another officer or principal been involved in any litigation, arbitration, mediation, or other legal proceedings, or government investigation, or regulatory proceedings, involving allegations of fraud, negligence, criminal activity or breach of fiduciary duty relating to pension consulting activities? If so, identify and provide an explanation for each and indicate the current status.
44. Please describe the levels of coverage for errors and omissions insurance and any other fiduciary or professional liability insurance your firm carries, including a list of insurance carriers supplying the coverage.
45. Is it your firm’s policy to impose any limitation on liability through your contracts with clients? If yes, please describe.
46. Explain in detail any potential for conflict of interest that would be created by your firm's consultancy for the Board.
47. Describe any relationship the firm or an affiliate of the firm enjoys with the District of Columbia government, any agency or instrumentality of the District of Columbia government; and/or any employee organization that represents police officers, firefighters, or teachers of the District of Columbia.
48. Is any member of your firm an officer, director, or employee of a fiduciary or service provider of the Funds? A list of the Funds' fiduciaries and service providers is attached as Attachment F.
49. Does your firm or its parent or affiliate, manage money for clients or manage a fund-of-fund for clients? How does your firm prevent conflicts of interest or the appearance of conflicts?
50. Is your firm, or its parent or affiliate, a broker-dealer? If so, does your firm trade for client accounts through this broker-dealer? How does your firm prevent conflicts of interests or the appearance of conflicts? Does your firm accept soft-dollars as a method of payment for services provided?
51. Does your firm, its principals, or any affiliate own any part of a money management firm, broker-dealer, or other organization that sells services to institutional investors? If so, identify the firm(s) and describe the service and the relationship to the consulting group.

52. Does your firm charge direct or indirect fees for investment managers to be included in your firm's database or in any manager searches that you conduct on behalf of your clients? If so, what are the fees? How does your firm prevent conflicts of interests or the appearance of conflict?
53. Does your firm sell database information and/or performance analytics to investment managers? Does your firm receive compensation directly or indirectly for such information? How does your firm prevent conflicts of interest or the appearance of conflict with the current investment managers of your clients?
54. In addition to the above, please describe any other circumstances under which the firm receives fees or other compensation from investment managers.
55. Would your firm place any limitations on the Board's ability to share, reproduce, or distribute any reports, papers, or other materials developed by your firm in connection with its service as consultant to the Board? If so, please describe such limitations.
56. Please attach your firm's written Code of Ethics and policies and procedures related to conflicts of interest, if any.

**District of Columbia Retirement Board  
Request for Proposal  
Real Assets Investment Consulting Services  
Proposed Fee Schedule**

Firms must submit their fees for real assets investment consulting services in the format prescribed below. The proposed fees shall include all costs and expenses for providing services to the Board as described in this RFP. Please make note of any required services that you are unable to or unwilling to provide within your proposed bundled fee. The bundled fee should include all travel and other out of pocket expenses.

As the term of the engagement shall be three (3) one-year periods, the Fee Proposal shall be guaranteed for a period of not less than three (3) years from the effective date of the agreement. The Board reserves the right to further negotiate fees but in no case will the negotiated fee be higher than the fee contained in the Proposal.

**BUNDLED FEES:** Firms must submit an annual fee for all services as described in Section III (Scope of Work) of this RFP.

Year 1	\$ _____
Year 2	\$ _____
Year 3	\$ _____
Total	\$ _____

\_\_\_\_\_  
Print Firm Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Authorized Signatory Name

\_\_\_\_\_  
Authorized Signature

**District of Columbia Retirement Board  
Request for Proposal  
Real Assets Investment Consulting Services  
Fiduciary Definition under D.C. Retirement Reform Act**

**§ 1-702. Definitions.**

(20)(A) The term "fiduciary" means, except as otherwise provided in subparagraph (B) of this paragraph, any individual who, with respect to a Fund:

(i) Exercises any discretionary authority or discretionary control respecting management of such Fund or exercises any discretionary authority or discretionary control respecting management or disposition of its assets;

(ii) Renders investment advice for a fee or other compensation, direct or indirect, with respect to any monies or other property of such Fund, or has any authority or responsibility to do so; or

(iii) Has any discretionary authority or discretionary responsibility in the administration of such Fund.

**§ 1-741. Fiduciary Responsibilities.**

(a)(1) The Board, each member of the Board, and each person defined in § 1- 702(20) shall discharge responsibilities with respect to a Fund as a fiduciary with respect to the Fund. The Board may designate one or more other persons who exercise responsibilities with respect to a Fund to exercise such responsibilities as a fiduciary with respect to such Fund. The Board shall retain such fiduciary responsibility for the exercise of careful, skillful, prudent, and diligent oversight of any person so designated as would be exercised by a prudent individual acting in a like capacity and familiar with such matters under like circumstances.

(2) A fiduciary shall discharge his duties with respect to a Fund solely in the interest of the participants and beneficiaries and:

(A) For the exclusive purpose of providing benefits to participants and their beneficiaries;

(B) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent individual acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

(C) By diversifying the investments of the Fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

(D) In accordance with the provisions of law, documents, and instruments governing the retirement program to the extent that such documents and instruments are consistent with the provisions of this chapter.

**District of Columbia Retirement Board  
Request for Proposal  
Real Assets Investment Consulting Services  
Bonding Requirement**

**§ 1-745. Bonding.**

(a)(1)(A) Each fiduciary of a Fund established by this chapter and each person who handles funds or other property of such a Fund (hereinafter in this section referred to as "Fund official") shall be bonded as provided in this section, except that no bond shall be required of a fiduciary (or of any director, officer, or employee of such fiduciary) if such fiduciary:

- (i) Is a corporation organized and doing business under the laws of the United States or of any state;
- (ii) Is authorized under such laws to exercise trust powers or to conduct an insurance business;
- (iii) Is subject to supervision or examination by federal or state authority; and
- (iv) Has at all times a combined capital and surplus in excess of such a minimum amount as may be established by regulations issued by the Council, which amount shall be at least \$1,000,000.

(B) Sub-subparagraph (iv) of subparagraph (A) of this paragraph shall apply to a bank or other financial institution which is authorized to exercise trust powers and the deposits of which are not insured by the Federal Deposit Insurance Corporation only if such bank or institution meets bonding or similar requirements under state law which the Council determines are at least equivalent to those imposed on banks by federal law.

(2)(A) The amount of such bond shall be the lesser of 10 percent of the amount of the funds handled by such fiduciary and \$500,000, except that the amount of such bond shall be at least \$1,000.

(B) The Mayor, after notice and opportunity for hearing to such fiduciary and all other parties in interest to such Fund, may waive the \$500,000 limit.

(C) The amount of such bond shall be set at the beginning of each fiscal year.

(3) For purposes of fixing the amount of such bond, the amount of funds handled shall be determined by the funds handled by the person, group, or class to be covered by such bond and by the predecessor or predecessors, if any, during the preceding reporting year, or if the Fund has no preceding reporting year under this chapter, the amount of funds to be handled during the current reporting year by such person, group, or class, estimated as provided in regulations to be prescribed by the Council.

(4) Such bond shall provide protection to the Fund against loss by reason of acts of fraud or dishonesty on the part of the Fund official, directly or through connivance with others.

(5) Any bond shall have as surety thereon a corporate surety company which is an acceptable surety on federal bonds under authority granted by the Secretary of the Treasury pursuant to §§ 6 through

13 of Title 6, United States Code. Any bond shall be in a form or of a type approved by the Council, including individual bonds or schedule or blanket forms of bonds which cover a group or class.

(b) It shall be unlawful for any Fund official to receive, handle, disburse, or otherwise exercise custody or control of any of the funds or other property of any Fund without being bonded as required by subsection (a) of this section, and it shall be unlawful for any Fund official or any other person having authority to direct the performance of such functions to permit such functions, or any of them, to be performed by any Fund official with respect to whom the requirements of subsection (a) of this section have not been met.

(c) It shall be unlawful for any person to procure any bond required by subsection (a) of this section from any surety or other company or through any agent or broker in whose business operations the Fund or any party in interest in the Fund has any control or significant financial interest, direct or indirect.

(d) Nothing in any other provision of law shall require any person required to be bonded as provided in subsection (a) of this section because he handles funds or other property of a Fund to be bonded insofar as the handling by such person of the funds or other property of such Fund is concerned.

(e) The Council shall prescribe such regulations as may be necessary to carry out the provisions of this section.

CREDIT(S)

(Nov. 17, 1979, 93 Stat. 866, Pub. L. 96-122, § 185.)

#### HISTORICAL AND STATUTORY NOTES

##### Prior Codifications

1981 Ed., § 1-745.

1973 Ed., § 1-1845.

##### References in Text

"Sections 6 through 13 of Title 6, United States Code," referred to in subsection (a)(5), were repealed by § 5(b) of the Act of September 13, 1982, Pub. L. 97-258, 96 Stat. 1068.

DC CODE § 1-745

Current through October 22, 2010

**District of Columbia Retirement Board  
Request for Proposal  
Fiduciaries and Service Providers**

**INVESTMENT MANAGERS**

Domestic Core

ALLIANCE CAPITAL MANAGEMENT  
EACM ADVISORS  
PIMCO STOCKS PLUS

Domestic Large Cap Value

SOUND SHORE MANAGEMENT

Domestic Large Cap Growth

SANDS CAPITAL MANAGEMENT, INC.

Domestic Mid Cap Value

THOMPSON, SIEGEL & WALMSLEY

Domestic Mid Cap Growth

MAZAMA CAPITAL MANAGEMENT

Domestic Small Cap Value

THOMPSON, SIEGEL & WALMSLEY

Domestic Small Cap Growth

MCKINLEY CAPITAL MANAGEMENT

International Equities

GOLDMAN SACHS ASSET MANAGEMENT  
GRYPHON INVESTMENT  
LSV ASSET MANAGEMENT

Fixed Income

PACIFIC INVESTMENT MANAGEMENT CO  
BLACKROCK FINANCIAL MANAGEMENT

Real Estate

THE CARLYLE GROUP  
CBRE INVESTORS  
CARLYLE EUROPE REAL PARTNERS L.P. III  
HEITMAN  
JP MORGAN ASSET MANAGEMENT  
PRUDENTIAL REAL ESTATE INVESTORS  
WELLINGTON TRUST COMPANY

Private Equity

BEHRMAN CAPITAL  
THE BLACKSTONE GROUP  
FAIRVIEW CAPITAL  
INROADS CAPITAL  
PANTHEON VENTURES  
RSTW PARTNERS  
SPACEVEST CAPITAL/REDSHIFT VENTURES  
TSG CAPITAL  
WARBURG PINCUS

Hedge Fund

BRIDGEWATER

Infrastructure

MACQUARIE  
STEELRIVER

**INVESTMENT CONSULTANTS**

Generalist

MEKETA INVESTMENT GROUP

Real Estate

THE TOWNSEND GROUP

Private Equity

PANTHEON VENTURES

Transaction Cost

PLEXUS GROUP

Investment Research

WILSHIRE ASSOCIATES

Master Custodian

STATE STREET BANK & TRUST

**District of Columbia Retirement Board  
Request for Proposal  
List of Trustees**

Lyle M. Blanchard  
Barbara Davis Blum  
Diana K. Bulger  
Joseph M. Bress  
Joseph W. Clark  
Deborah Hensley  
Edward C. Smith  
Lasana Mack  
Judith C. Marcus  
Darrick O. Ross, Chairman  
Thomas N. Tippet  
George R. Suter  
Michael J. Warren

**District of Columbia Retirement Board  
Request for Proposal  
Real Assets Investment Consulting Services  
List of Current Real Assets Managers**

<b>Vintage Year</b>	<b>Fund Name</b>	<b>Commitment</b>
2005	Heitman Value Partners	\$40,000,000
2005 (REIT)	Wellington Real Estate Securities	\$38,000,000
2006	J.P. Morgan Strategic Property Fund	\$52,000,000
2006	CBRE Strategic Partners IV	\$50,000,000
2007 (open-ended)	PRISA I	\$20,000,000
2007 (open-ended)	PRISA II	\$25,000,000
2007	Carlyle Realty Partners V	\$50,000,000
2007	Carlyle Europe Real Estate Partners III L.P.	\$30,622,619
2008	Heitman Value Partners II	\$25,000,000
2008	Steelriver Infrastructure NA	\$50,000,000
2008	Macquarie Infrastructure Partners II	\$50,000,000